



*Shaping the Future of Small Business*



2012 MNSBDC  
ANNUAL REPORT

# MINNESOTA SBDC 2012 *Letter from the Director*

## MnSBDC ANNUAL REPORT 2012

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Cover: SBA'S 2012 Small Business Person of the Year – Darrin Swanson.

L to R: Trent Swanson (Customer Service and Marketing, Darrin B. Swanson (President and CEO), Brian Swanson (Sales Manager), Trudy Swanson (Mother), Craig Swanson (Quality Control and Engineering).

For more information, see page 8 of this report.

## *Dear Small Business Partners,*

I am pleased and proud to bring you this report of results of the Minnesota Small Business Development Center (MnSBDC) Network for 2012. It was an exciting year.

The Network provided 31,800 professional-consultation hours to 3,150 small business clients. We helped raise more than \$125.7 million in new business capital—our third highest annual amount ever. And we helped our clients create or save more than 8,000 Minnesota jobs.

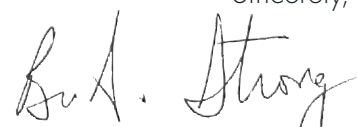
In 2012 we reached out to more than 7,000 veterans who returned home from active duty to explore the idea of starting their own business. We also spoke with more than 500 high school and college-age students to make them aware of the opportunities they have to work for themselves when they graduate.

We focused on businesses adversely impacted by recent changing economies—helping them to stay in business. More than a hundred businesses are participating in our Turn-Around Program to achieve stabilization and begin a new pattern of growth. The vast majority are seeing a new life and new possibilities. We also helped businesses increase Minnesota exports to other countries. International trade is an extremely important part of Minnesota's economy and our export-certified consultants are uniquely qualified to provide this valuable assistance.

Funding for the MnSBDC comes from federal and state sources, institutions of higher education, non-profit agencies and private investors. It represents a perfect example of a successful public-private partnership. We would not exist without the support of our partners listed in the back of this report and I thank each one of them.

Small business shapes the success of our economy and the Minnesota Small Business Development Center shapes the future of small business. Thank you for taking the time to review this information. I welcome your questions about what we do, or ideas that will help us become even more effective.

Sincerely,



Bruce H. Strong • State Director  
Minnesota Small Business Development Center Network



## THE MNSBDC STATE ADVISORY BOARD

Each of the nine Minnesota Small Business Development Center (MnSBDC) network regions nominates one individual to serve as a member of the State Small Business Development Center Advisory Board. Those selected represent a wide range of entrepreneurs, financiers and small business advocates with extensive experience and understanding of the unique issues being faced all around our state. They meet regularly to discuss the MnSBDC program and topics of concern to small businesses. In addition, The MnSBDC state director and SBA district director serve on the board as non-voting members.

"This board was created to serve as a link with the small business community around the state and to help chart the course of the MnSBDC for the future," said Bruce Strong, State Director of the MnSBDC network. "We appreciate the willingness of these executives to share their insights and experience in helping us better meet the needs of small business."

The board elected Jill J. Johnson, president and founder of Johnson Consulting Services, and Dean Simpson, owner of Dean's Country Market to serve as the Board Chair and Vice-Chair, respectively.

"Jill Johnson provides a wealth of knowledge to the Advisory Board, and I'm extremely happy that she is serving as chair," observed SBA District Director, Nancy Libersky. "Her deep leadership in Minnesota's small business community and her role on the National Small Business Development Center Advisory Board provide us with a valuable resource."

"We are all honored and excited to be a part of this statewide board for the MnSBDC," said Johnson. "Small businesses are the foundation of our state's economic engine, and we are proud to assist the MnSBDC in serving the Minnesota business community."



**MnSBDC STATE ADVISORY BOARD MEMBERS:**  
BRUCE STRONG, JILL JOHNSON, DOUGLAS FARFORTH, DIANE MOREY,  
PETER NELSON AND CARIE FUHRMAN

Not pictured: KAREN DOLL, DALE LEWIS, DANIEL RICHTER, DEAN SIMPSON,  
AND NANCY LIBERSKY.

### THE MINNESOTA SMALL BUSINESS DEVELOPMENT CENTER NETWORK ADVISORY BOARD

**KAREN DOLL, EXECUTIVE DIRECTOR**  
Pine Island Economic Development Authority  
Southeast Region

**DOUGLAS E. FAHRFORTH, OWNER**  
Blue Star Power Systems, Inc.  
South Central Region

**CARIE FUHRMAN,**  
**COMMUNITY DEVELOPMENT DIRECTOR**  
City of Princeton  
Central Region

**JILL J. JOHNSON, PRESIDENT**  
Johnson Consulting Services  
Twin Cities Metro Region  
Board Chair

**DALE LEWIS, PRESIDENT**  
Park State Bank  
Northeast Region

**DIANE MOREY, PROGRAM OFFICER**  
Northwest Minnesota Foundation  
Northwest Region

**PETER A. NELSON, OWNER**  
Edgewild Resort  
North Central Region

**DANIEL RICHTER, PRESIDENT**  
MVTW Wireless  
Southwest Region

**DEAN SIMPSON, OWNER**  
Dean's Country Market  
West Central Region  
Board Vice-Chair

# MINNESOTA SBDC *Who We Are*

## WHO WE ARE

The Minnesota Small Business Development Center (MnSBDC) network philosophy is based on the principle that helping our small businesses is critical



to our economy and the quality of our communities. Funded by public funds and private donations, the investments we put into helping those businesses works to shape the future for

those businesses and the Minnesota economy. We offer customized technical assistance and support to businesses at any point in their entire life cycle, from start-up to growth or stabilization. Our efforts result in a significant tax benefit return on investment of \$7 for every dollar spent in our budget. Our clients have a huge influence on job creation and our services help those businesses to raise the capital necessary to fund their operation and growth.

Business owners are able to access services through a network of nine regional centers located on college campuses in all corners of the state. Each center offers convenient one-stop service that caters to their regional community's business needs. College students are actively involved in our program to provide our clients with cutting edge technology and to provide the students with real-world business experience.

## Our Services

Our program services are focused in three primary areas—professional business consulting, training and access to capital. Professional business consultation is confidential and available at no cost to entrepreneurs and small business owners throughout Minnesota. Our centers host a wide variety of workshops and training seminars tailored to meet the needs of our clients. Our business consultants have longstanding professional relationships with lenders in their local communities and understand their perspective and needs. In fact many lenders require borrowers to work with their local MnSBDC professional before submitting a loan application.



Our dedicated staff and consultants bring years of experience and a wealth of expertise in real business situations to the clients we serve. They work one-on-one to help our clients identify, understand, and overcome the challenges of running a successful business. Below are just some of the areas in which they provide relevant and sound advice:

- Start-up assistance
- Business plan development
- Access to capital and loan packaging
- Business operations
- Cash flow management and financial analysis
- Bookkeeping and accounting systems
- Marketing plan development and market research
- Export/international trade assistance
- Website development/social media/eCommerce
- Buying or selling a business
- Business valuation and succession planning
- Turn-around assistance for struggling businesses

# MINNESOTA SBDC *Special Focus Areas*

## Our Clients

Our clients cover the spectrum – women, veterans, minorities, experienced, novices, young, old and in between. In 2012, the MnSBDC served more than 1,000 budding entrepreneurs and hopefuls by helping them transform their ideas into hard numbers. Many were referred to one of our strategic resource partner organizations or participated in one of our professional training programs. Based on a survey of clients served in 2011, 75% of clients who launched a business attributed at least “some” of their success to the services they received from the MnSBDC. Some clients were saved from bad investments and financial ruin by being shown that their venture would not fare well in today’s market.

The MnSBDC places an emphasis on aiding established businesses and promising start-ups, because their success results in the biggest impact to job and wealth creation. With the number of challenges and opportunities small businesses face, the guidance of one of our experienced consultants proves invaluable to many of our clients in helping to make the critical strategic decisions necessary for long-term growth, profitability and success. According to our most recent annual satisfaction survey 87% of clients who owned a business found the services they received from the MnSBDC to be beneficial, and 94% would recommend the MnSBDC to other business owners.



## SPECIAL FOCUS AREAS

This year we set aside funds to address three areas of special focus: youth entrepreneurship, veterans assistance and a turn-around program.

### Youth Entrepreneurship

Our goal was to provide a variety of business programs that would allow youth to learn and experience the steps and methods to creating a business from concept to reality. Several programs were offered to students, ages 12 – 20, throughout the state to provide real-world entrepreneurial training. More than 500 students participated. Some included teams that developed a business concept, wrote a business plan for that concept and then presented their idea and business plan to a panel of judges. One program was designed to engage international college students with existing small businesses through internships. All of the programs included classroom training and discussion on the basics of understanding credit, financial literacy and the importance of planning. Many existing entrepreneurs were invited to speak to the groups to relay their experience and provide encouragement.



## Special Focus Areas *continued from page 3*

### Veterans Assistance

Record numbers of veterans returned home to Minnesota from active duty during 2012 and many faced unemployment. Together with a collaborative group including the Veteran's Service Office of the Department of Employment and Economic Development, the SBA District Office, SCORE and the local Women's Business Center, the MnSBDC provided outreach to those veterans in the form of job fairs, panel discussions and training opportunities. We spoke with more than 7,000 Minnesota National Guard and Army Reserve veterans and their family members during the last 6 months of 2012. We provided 41 scholarships ranging from \$300 to \$400 so those veterans could attend a high-level financial literacy course called "Profit Mastery: Creating Value and Building Wealth®". The scholarships were provided to veterans who were viable candidates interested in starting a new business, or who may have had their current business affected as a result of their military deployment. We're continuing to work with many of those veterans to help them start a business of their own.



### Turn-Around Program

As part of the Small Business Jobs Act of 2010, we obtained funds that were specifically targeted toward small businesses that had been adversely impacted by the economic downturn that began in late 2008. Many of those businesses were in imminent danger of failing. While we haven't saved them all, we have had many wonderful success stories. This 3-year program began in early 2011 and will continue through 2013. Thus far, we helped those businesses to refinance debt or obtain more than \$28.5 million in new credit that allowed them to stabilize their company, stay in business and retain more than 700 jobs.

# MINNESOTA SBDC 2012 Highlights

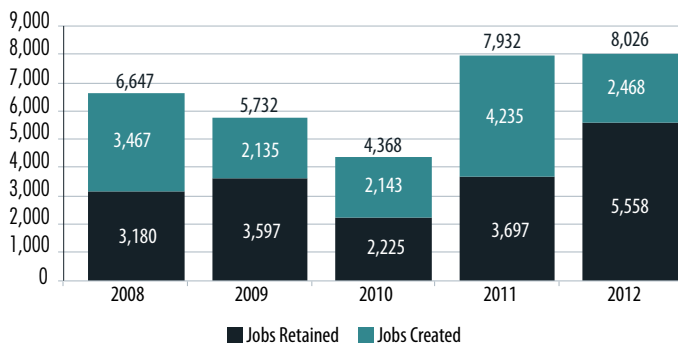
## Client Service Results and Client Characteristics

Small Business Clients Consulted	3,150	
Professional Consulting Hours Delivered	31,853	
Consulting Hours per Client	10.1	
Women-Owned Businesses Assisted	1,287	(41.6%)
Veteran-Owned Businesses Assisted	207	(6.7%)
Ethnic Minority-Owned Businesses Assisted	349	(11.3%)
Disabled Person-Owned Businesses Assisted	165	(5.3%)

## Clients that Attributed MnSBDC Assistance to Business Outcomes

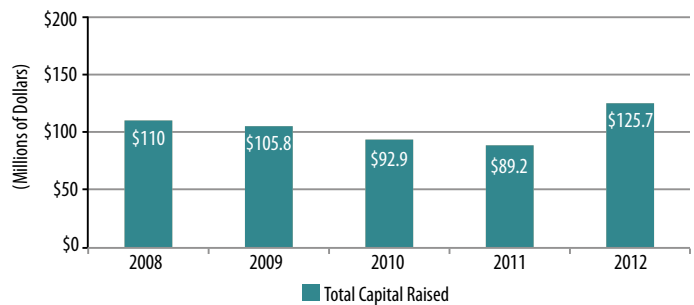
Obtained Financing	81%
Started or Purchased a Business	75%
Improved Productivity	81%
Increased Sales	75%
Added Employees	70%

## Impact on Employment\*

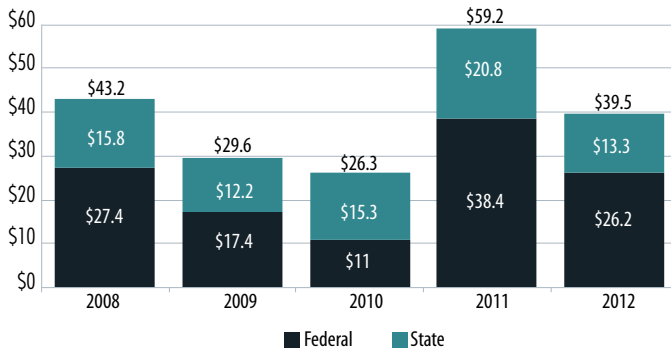


\* This data includes indirect and induced jobs based on a 2012 study of clients served in 2010.

## Impact on Business Investment Raised

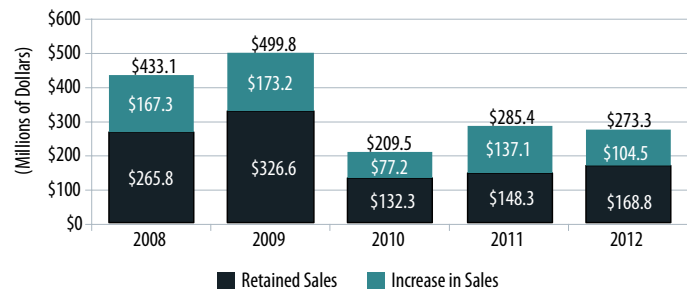


## Impact on Tax Revenue Generation\*



\* This data includes indirect and induced effects based on a 2012 study of clients served in 2010.

## Impact on Wealth Creation\*



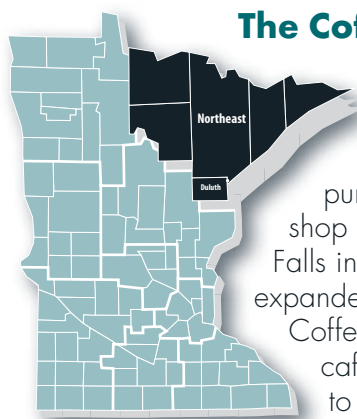
\* This data is based on a 2012 Study of clients served in 2010.

\$2,332 – Program Cost per Job\*\*

\$7.09 – Return On Investment\*\*

94% – Percentage of clients who would recommend the MnSBDC to other business owners

\*\* This is for new jobs created directly by clients only and excludes indirect and induced jobs.



## The Coffee Landing Café International Falls, Minn.

Stephanie and Tim Heinle purchased an existing coffee shop in downtown International Falls in August 2010 and have expanded the business into The Coffee Landing Café, a thriving cafe. Stephanie wanted to purchase the business because she recognized it as a good fit based on her

previous experiences, and it was the right time in her life. She wanted the pride of ownership.

Stephanie has a 20-year history in the service and hospitality industry and earned a reputation as a hard worker and someone who has a genuine love for people. After researching local business possibilities she found the opportunity to purchase the Coffee Landing. She dreamt of owning her own business and had worked hard to position herself to make it a reality.

Northeast SBDC consultant Jenny Herman made a difference by helping Stephanie translate the dreams in her head into a plan on paper. "I met



Stephanie Heinle,  
owner of Coffee  
Landing Cafe

with Jenny weekly to prepare the loan package and draft my business plan. Now we meet monthly to review financial statements and discuss new growth opportunities, such as increasing sales, expanding the coffee shop and future plans for economic growth," Stephanie said.

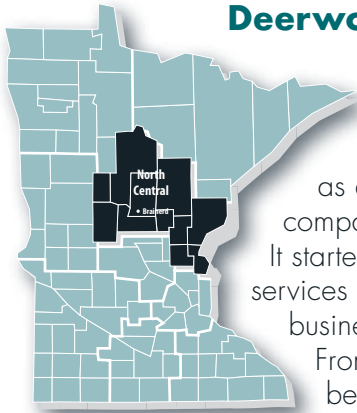
Stephanie's biggest challenge has been to find the right employees. "Don't try to force a square peg in a round hole. If an employee isn't working out from the start, they won't make it for the long haul," she said. Her bookkeeper is the most important person on her payroll, and she advocates that you have to be a working owner to have a successful business.

Her hard work is paying off: Sales have had steady growth and increased by 10 percent in 2012. She has four full-time and four part-time employees and rotates her tables at least three times every day during lunch.

Stephanie describes The Coffee Landing Café as providing excellent, high-quality food for a reasonable price with great service. Reflecting Stephanie's vibrant personality, it has become a hot spot in International Falls; the feel-good place to be and hang out; and the first stop for returning snowbirds, returning college students and summer visitors.

[www.coffeelandingcafe.com](http://www.coffeelandingcafe.com)

Northeast Regional MnSBDC	2012
SBDC Regional Budget	\$596,467
Federal & State Investment	\$309,800
Local Match Investment	\$286,667
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	465
Business Consulting Hours Delivered	4,462
Average Hours per Client	9.6
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	1,187
Program Cost per Job	\$502
New Businesses Created	28
Capital Accessed for Business Investment	\$7,178,685
Business Revenue Increased and Saved	\$45,728,115
Tax Revenues Generated	\$5,725,382
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>



## Deerwood Technologies

### Deerwood, Minn.

Deerwood Technologies was founded in 2000 as a part-time venture by company president, Jim Mayne. It started as a small computer services firm focused on local businesses and households. From these humble beginnings, this Minnesota-based company has grown to serve small- and medium-sized business clients throughout the Upper Midwest by offering innovative technology solutions.

The company has gone through the many ups and downs of a typical small business. "Our business was struggling financially when our accountant first referred us to the Small Business Development Center," Mayne said. "Our SBDC consultant, Julie Anderholm, helped us develop realistic cash flow projections so we could better manage our business." Over the years Mayne has worked with the SBDC to analyze the company's financial statements and project cash flow for the following year.

By 2011, the business was in an expansion mode. It was able to obtain additional working capital financing and had set its sights on purchasing the building they were currently leasing. Working with the SBDC and one of its key partners, the Brainerd Lakes Area Economic Development Corporation, the company was able to purchase the building and receive the additional financing needed to make repairs and improvements. "In our industry a business can locate just about anywhere," Mayne said. "We are fortunate to have the SBDC available in north central Minnesota to assist small businesses."

The company recently added a new division to focus on telecommunication services. They also expanded their security, compliance and business process consulting services.

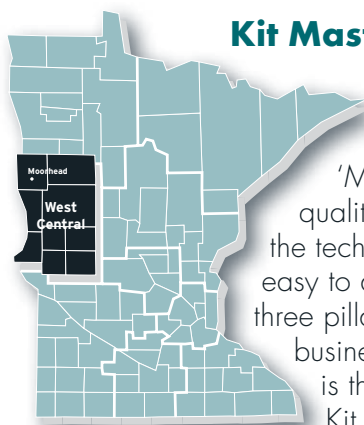
"Jim is the perfect client to work with," reflects SBDC consultant Anderholm. "He asks the right questions and is willing to consider any suggestions. He is well informed on the current trends of his industry



Jim Mayne, founder and president of Deerwood Technologies

and uses this information to help him make good business decisions. He has surrounded himself with a great staff, and this has helped make his business a success." [www.deertech.com](http://www.deertech.com)

North Central Regional MnSBDC	2012
SBDC Regional Budget	\$342,101
Federal & State Investment	\$200,000
Local Match Investment	\$142,101
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	416
Business Consulting Hours Delivered	3,194
Average Hours per Client	7.7
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	1,386
Program Cost per Job	\$247
New Businesses Created	29
Capital Accessed for Business Investment	\$18,132,560
Business Revenue Increased and Saved	\$37,554,198
Tax Revenues Generated	\$6,083,127
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>



## Kit Masters, Inc. and Swan Machine LLC

Perham, Minn.

'Manufacture the highest quality products possible,' 'Be the technical experts' and 'Be easy to do business with' are the three pillars of Darrin Swanson's business philosophy. Swanson is the president and CEO of Kit Masters, Inc. and Swan Machine LLC, two related

companies he founded with his father Keith Swanson. The businesses specialize in manufacturing and servicing fan clutches and rebuild kits for heavy-duty vehicles.

"With a dream and an idea, we could somehow make it in this world," said Swanson. In 1996, he and his father cleaned out a 10' by 12' bedroom in the family home, set up a few folding tables and chairs, and converted the space into their first manufacturing facility. They started with a catalog of three items on one side of a standard sheet of paper.

West Central Regional MnSBDC	2012
SBDC Regional Budget	\$359,393
Federal & State Investment	\$190,344
Local Match Investment	\$169,049
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	268
Business Consulting Hours Delivered	3,614
Average Hours per Client	13.5
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	864
Program Cost per Job	\$416
New Businesses Created	26
Capital Accessed for Business Investment	\$12,654,250
Business Revenue Increased and Saved	\$29,905,804
Tax Revenues Generated	\$3,392,298
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>



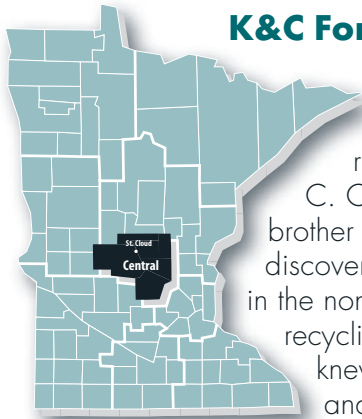
Workforce of Kitmasters, Inc.

When he started, Swanson knew a lot about the fan clutch industry, but he did not have expertise in the financial, hiring, or inventory management aspects of business. He sought help from the West Central SBDC for advice on accessing capital, building a facility and hiring employees. With the help of professional business consultant Forest 'Skip' Carpenter, Swanson was able to secure loans, review options for debt, and expand their facility which resulted in new job creation, new export markets, and increased profits.

Today, this successful small business has a workforce of more than 65 full-time employees and is exporting to more than 600 customers in 13 countries. Their catalog has more than 100 pages of product offerings. They are currently working with the SBDC to get the financing to add a 30,000 sq. ft. addition to their manufacturing building.

Their phenomenal success was recognized by the U.S. Small Business Administration in naming Swanson Minnesota Small Business Person of the Year for 2012, and again on a national level where Swanson was runner-up for the national Small Business Person of the Year award. Even at that, Swanson feels that the best years are yet to come and is looking forward to the next chapter in his American dream.

"We would not have accomplished the success levels that we are achieving today without the expertise from Skip Carpenter. We are so thankful for the no-cost invaluable resources that the SBDC provides," Swanson said. [www.kit-masters.com](http://www.kit-masters.com)



## K&C Foreign Auto Parts

Rockville Minn.

As part of the auto repair industry, C. Chanthakhammy, and his brother Ray Chanthakhammy discovered an underserved market in the non-English speaking auto recycling industry. The brothers knew of Asian-owned collision and repair facilities, but noted the absence of auto

recycling facilities where Asians could receive high quality customer service. "I'd go into a yard and see an Asian guy who couldn't speak English well, but who knew what he wanted. Because I'm bilingual, I thought I could start something and be a bridge to cover this communication gap," explained C.

The brothers took a chance and decided to open a facility to fill the Asian community's need for quality, used auto parts. They met with Bruce Thielman, professional business consultant for the Central SBDC, who connected to them to private investors to help finance 1.25 acres of land and the construction of a building in Rockville, Minn. They were also able to secure a line of credit from the Southwest Initiative Fund through American National Bank in St. Cloud.

K & C Foreign Auto Parts opened in September 2011. The business primarily sells its parts online through its eBay store and website. The business ships daily, including overseas to non-Asian speaking countries like Great Britain and Argentina. "Actually, a lot of our customers aren't Asian, but they drive foreign vehicles," C. said.

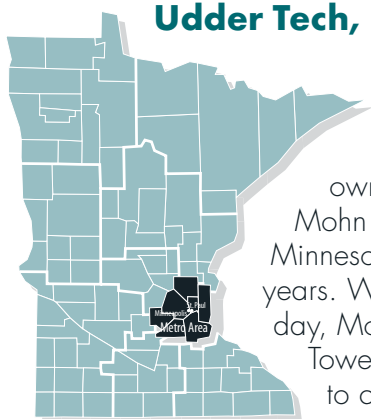
The brothers' sales have grown each month since they opened. C. predicts a large warehouse will be built and sales will double by this summer. With the business plan the SBDC helped them write, they have also expanded their revenues by selling used cars and tires. "We could not have opened this business without the help from the SBDC and Bruce Thielman. He has mentored us in all phases of the start-up and ongoing business," C. said. [www.k-c-part.com](http://www.k-c-part.com)



C. Chanthakhammy, Owner of K&C Foreign Auto Parts

Central Regional MnSBDC	2012
SBDC Regional Budget	\$335,593
Federal & State Investment	\$177,358
Local Match Investment	\$158,235
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	297
Business Consulting Hours Delivered	4,165
Average Hours per Client	14.0
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	712
Program Cost per Job	\$471
New Businesses Created	14
Capital Accessed for Business Investment	\$4,035,465
Business Revenue Increased and Saved	\$23,020,236
Tax Revenues Generated	\$3,368,203
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>

## Udder Tech, Inc.



### Lakeville, Minn.

Cheryl Mohn, husband Bruce and their family owned and operated Mohn Dairy in rural Lakeville, Minnesota for more than 30 years. While milking cows one day, Mohn conceived of the Towel Tote™ as a better way to carry cow towels, which are used to clean a cow's udder before attaching the milking machine. Eventually Mohn launched Udder Tech, a company which designs and markets a wide variety of innovative, quality solutions for clean, efficient dairying worldwide.

Mohn has worked with the Twin Cities Metro SBDC since 1994. "As with any business there are times you move along well on your own and then you hit a bump in the road and need some help to make a decision," Mohn said. "Every time we called the SBDC for help, the advice we got was very appropriate for where we were at that time. I look back since then and realize those were all good suggestions for our business."

Twin Cities Metro MnSBDC	2012
SBDC Regional Budget	\$412,469
Federal & State Investment	\$218,287
Local Match Investment	\$194,183
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	434
Business Consulting Hours Delivered	3,972
Average Hours per Client	9.2
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	1,409
Program Cost per Job	\$293
New Businesses Created	9
Business Revenue Increased and Saved	\$47,645,243
Tax Revenues Generated	\$9,263,798
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>



LtoR: Emily Mohn, Brent Mohn, Tina Stiles, Kara Behrendt, Angie Mohn-Wubben, Dana Mohn, Cheryl Mohn, Bruce Mohn, Pete Wallin

Shortly after going to market with the Towel Tote™, a competitor approached Mohn to purchase Udder Tech or to manufacture the product for her in China. Her SBDC consultant, Dick Enrooth, helped her to quickly research the competitor and the overseas production opportunities. He urged her to aggressively go to market with an ad campaign, and find her own manufacturing in China.

Together, they developed a strategic plan to strengthen the company to be in a position to deal with any new competition entering the marketplace, and tightened up her accounting system to get a better handle on her costs. As a result, Mohn remains firmly in control and has branched out with many more products.

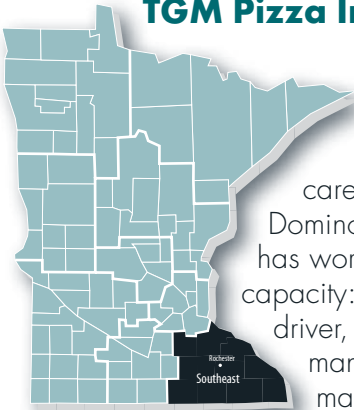
"A mentor from the business world is just what a young business needs. Just having someone else to talk with and to get suggestions from is so beneficial. Where would you find someone like this without paying an arm and a leg? Thank you so much for the SBDC services that we have received," Mohn said.

"With Cheryl's continued growth and expansion, I keep asking how big she wants to get," Enrooth said. "At the rate she is growing she may need to consider more space, larger inventory and more employees. We have sidestepped this issue several times, but it will be our next discussion item this spring."

[www.uddertechinc.com](http://www.uddertechinc.com)

## TGM Pizza Inc. DBA Domino's Pizza

### Rochester, Minn.



Marty has had a long career working in the Domino's Pizza franchise. He has worked in almost every job capacity: Pizza maker, delivery driver, counter help, assistant manager, and manager at many different locations and in different states. Marty has

a master's degree from Thunderbird School of Global Management in Glendale, Ariz. His experience with the franchise and desire to put his degree to use inspired Marty to purchase his first store in Mason City, Iowa in 2005. Things really took off from that point.

In 2010 prior to the purchase of two Rochester locations, one of Marty's bankers recommended that he meet with the SBDC to look at packaging a SBA loan to finance his expansion. He met with Rick Indrelie, SBDC regional director, to go over his goals for the purchase of the two stores. Later, the SBDC assisted Marty with some refinancing of his other stores to improve his cash flow position. "Rick helped me restructure some of my existing debt which dramatically improved my cash flow and reduced the number of loans that I have," Marty said.

Including the Rochester locations, Marty now owns five Domino's Pizza stores in Iowa and Minnesota. Throughout his operation, Marty has been able to employ more than 100 people including local college students who attend Rochester Community and Technical College.

Marty enjoyed working with the SBDC because "they took my accounting statements that I generated in QuickBooks and ran numbers that my banker could understand." This made his business more bankable and increased his opportunities in obtaining additional financing from his current bank and others.

Marty has been able to grow all five of his stores over the years. His success is contributed to having a great staff, continuing to train his staff, have a quality product with great customer service, and marketing



Marty Gritz, Owner of Domino's Pizza franchises

his business. Sales have been increasing every year and his corporate franchise has been aggressive in national marketing as well as new product development. Marty continues to look for expansion opportunities.

Southeast Regional MnSBDC	2012
SBDC Regional Budget	\$271,424
Federal & State Investment	\$137,930
Local Match Investment	\$133,494
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	318
Business Consulting Hours Delivered	2,199
Average Hours per Client	6.9
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	787
Program Cost per Job	\$345
New Businesses Created	14
Capital Accessed for Business Investment	\$10,623,200
Business Revenue Increased and Saved	\$32,551,401
Tax Revenues Generated	\$4,620,051
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>



## K&G Gymnastics

### Mankato, Minn.

On September 4, 2011, Katie (Kortuem) Olson and Gabe (Tyler) Essay launched K & G Gymnastics in a building formerly occupied by an indoor tennis center. The business is a realization of a common dream that emerged over years of hard work developing their gymnastics talents individually.

While the two were at no loss for passion or gymnastics experience, they knew they needed help with the business side of things. "We knew we were qualified to do this," Olson said, "but that doesn't mean we knew exactly how much money we'd need and what our projections would look like and that's where we really needed help." Confident in the sport and in their overall idea, they sought business coaching from the South Central SBDC in Mankato.

The owners met with SBDC Regional Director Mike Nolan and began working on spreadsheets. He asked them to think of worst-case scenarios, best-case scenarios and make projections that would come into



LtoR: Kate Olson, Gabe Essay

play when they sought loan financing. He emphasized the need for realistic projections and data, over speculation and guesswork.

"I think there would have been a lot more surprises," Essay said. "The SBDC had the background to know you're going to run into certain kinds of expenses - insurance, utilities, building maintenance and so on. We knew we had to account for these costs, but they forced us to have the actual numbers as opposed to what we thought they might be."

K & G Gymnastics exceeded their projections in its first few months of operation and enrollment at year's end was nearly twice what they had hoped. After 15 months of operation the business has registered 530 students and employs 30 part-time staff members.

Since opening, the pair has continued to work with the SBDC to get help with planning advertising strategies, learning and using QuickBooks, filing quarterly and yearly tax reports, and managing business community relations.

K & G Gymnastics is a dream come true for these two talented, passionate businesswomen. The 32,000 sq. ft. facility is now the largest gymnastics facility in southern Minnesota. [www.kandggymnastics.com](http://www.kandggymnastics.com)

South Central Regional MnSBDC	2012
SBDC Regional Budget	\$473,718
Federal & State Investment	\$248,473
Local Match Investment	\$225,245
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	428
Business Consulting Hours Delivered	4,032
Average Hours per Client	9.4
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	621
Program Cost per Job	\$763
New Businesses Created	21
Capital Accessed for Business Investment	\$17,216,887
Business Revenue Increased and Saved	\$18,961,644
Tax Revenues Generated	\$2,649,850
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>



## River Valley Fitness

### Windom, Minn.

Many motivational quotes are written on the walls of the newly opened River Valley Fitness.

One, 'The body achieves what the mind believes,' inspired Taunya Swenson to follow through on her desire to become a small business owner.

As a fitness buff for more than 15 years and certified personal trainer, Swenson was determined to share her love of the health and fitness industry with others in the Windom community.

To turn her dream into a reality, Swenson contacted the Southwest SBDC for assistance. Her first contact, Southwest SBDC Director Liz Struve, offered assistance with a feasibility and business plan. Struve connected her to SBDC consultant Ruth Ann Karty for financial analysis and loan packaging.

Swenson decided upon a 4,000 sq. ft. storefront that was previously part of a lumberyard. With the support and financial backing of her family, the building was modified and the project moved forward. They celebrated the grand opening of River Valley Fitness on September 1, 2012.

The business offers all the amenities members are looking for in a 24-hour fitness center. With a wide variety of cardio, strength and free weight equipment, as well as nutritional products, Swenson works to ensure the best workout and overall fitness program possible.

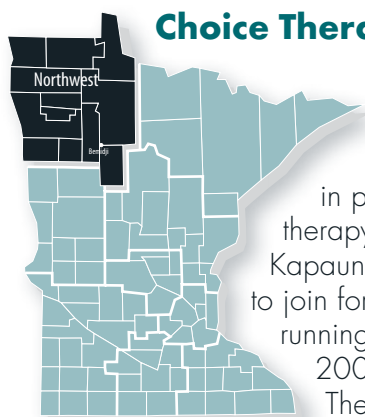
Even in the midst of the economic downturn, the fitness industry has maintained steady growth with membership rates growing consistently. Demand is projected to continue to rise over the next five years, as the general public becomes more health conscious, and the aging population places a greater emphasis on staying fit. By building an atmosphere of fun and enjoyment for all members of River Valley Fitness, Swenson is well positioned for the future.



River Valley Fitness, owner Taunya Swenson

"I still pinch myself every day when I walk into the gym," Swenson said. "I am so blessed. I could not have done this without the assistance from the SBDC." [www.rivervalleyfit.com](http://www.rivervalleyfit.com)

Southwest Regional MnSBDC	2012
SBDC Regional Budget	\$314,186
Federal & State Investment	\$200,000
Local Match Investment	\$114,186
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	235
Business Consulting Hours Delivered	3,134
Average Hours per Client	13.3
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	551
Program Cost per Job	\$570
New Businesses Created	34
Capital Accessed for Business Investment	\$20,600,231
Business Revenue Increased and Saved	\$21,545,103
Tax Revenues Generated	\$2,174,500
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>



## Choice Therapy

### Bemidji, Minn.

With roughly 65 years of combined experience in physical and occupational therapy, Jason Brodina, Joe Kapaun and Cheri Ware decided to join forces and "jump in" to running their own business. In 2009, they formed Choice Therapy, with the goal of becoming the premier physical, occupational and speech therapy provider of Bemidji and surrounding communities.

In the early stages of forming the business, the team was referred to the Northwest SBDC by their lender. The SBDC assisted Choice Therapy with pro-forma statements, cash flow projections, and writing their business plan to get their first loan. "All we had to do was pass on the work that was completed with the SBDC to the bank, and they approved us instantly," said Kapaun. Reflecting on the start-up phase Brodina stated, "To be honest, we had no idea what financial statements were or how to sell our idea to the bank. Because we worked with the SBDC, we were able to see if our business was viable or not. Our biggest challenge was making the transition from being 'therapist' to 'therapist and business owner.'" Since then, the owners have continued to seek the services of the SBDC in the areas of marketing and QuickBooks training and assistance.

They also sought the SBDC's help through not one, but two expansions. The practice that started with a small rental space is now housed in a new 11,000 sq. ft. building with Snap Fitness and physicians' offices. They have grown to employ a staff of 32 people.

When asked if they would recommend the services SBDC provides, the owners of Choice Therapy said they are "already constantly making referrals". "The fact that SBDC services are no-cost was a major benefit since we were starting a new business and had little to no funds available to spend for additional



Jason Brodina, Cheri Ware and Joe Kapaun, owners of Choice Therapy

assistance. We learned so much about business even after our first meetings with the SBDC," they said.

Choice Therapy believes in giving each patient the highest quality of care possible in a timely manner, while providing a friendly and courteous environment. [www.choicetherapy1.com](http://www.choicetherapy1.com)

Northwest Regional MnSBDC	2012
SBDC Regional Budget	\$350,203
Federal & State Investment	\$188,920
Local Match Investment	\$161,283
Professional Business Consulting Service Deliverables	
Entrepreneurs and Businesses Served	319
Business Consulting Hours Delivered	3,081
Average Hours per Client	9.7
Economic Impact as a Direct Result of SBDC Services	
Jobs Created and Saved	509
Program Cost per Job	\$688
New Businesses Created	15
Capital Accessed for Business Investment	\$35,154,048
Business Revenue Increased and Saved	\$16,396,847
Tax Revenues Generated	\$2,196,583
<b>Total Statewide Program Return on Investment (Total tax benefit to \$1 invested)</b>	<b>\$7.09</b>

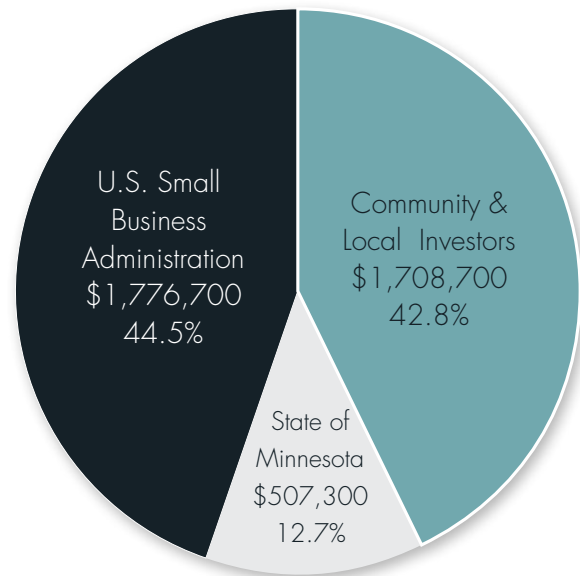
## PARTNERS IN SUCCESS

MnSBDC owes its success to the generous support of a broad array of public and private partners. The funding for our program starts with the U.S. Small Business Administration and includes the State of Minnesota, as well as many county and local government economic development entities. Without the financial commitment of the colleges that host our regional centers, the MnSBDC simply would not exist. Private lenders, foundations, initiative funds and corporate donors also make up a significant portion of our budget.

Our partners share in the vision for Minnesota's business success and recognize the direct positive relationship between nurturing small business and the well-being of their communities, geographic regions and the state as a whole.

Community and economic development partners enthusiastically support the work of the MnSBDC because they see firsthand the benefits that accrue to their communities in the form of more and better businesses that provide diversity and opportunity to

**Minnesota SBDC Budget Sources 2012**



enhance the quality of community life, as well as better jobs, an increased tax base and stronger local economies.

Colleges and universities count on the opportunities for their students to obtain real-world experience in starting, operating and growing a small business.

Lenders know that companies are more likely to succeed if they work closely with professional MnSBDC consultants to develop realistic financial projections, thorough business plans and adequate controls to measure financial and operational performance. That reduces lending risk so that they can provide the capital necessary for growth.

Every dollar invested in the MnSBDC program provides a significant return on that investment. We're so grateful for funding partners that understand that, and for their incredible continuing commitment to this program. With their support, we will continue to offer high quality professional technical assistance to the small business clients we serve.

Together, we are shaping the future of small business in Minnesota.

Please see pages 16 and 17 for a list of our valued partners.



# Funding Partners

## Platinum Partners

Funding levels above \$50,000\*



ST. CLOUD STATE UNIVERSITY



## Gold Partners

Funding levels of \$10,000 - \$50,000\*



\*Reflects 2009-2011 funding support

## Silver Partners

Funding levels up to \$10,000 \*

504 Corporation  
Alexandria Area Economic  
Development Commission  
American National Bank- Baxter  
Bank Midwest - Fairmont  
Bank Midwest - New Ulm  
Barnesville Economic Development  
Authority  
Bell State Bank & Trust  
Bill and Marilyn Martinson  
BlackRidge Bank - Baxter  
Blue Earth County  
Border State Bank - Badger,  
Greenbush, Baudette  
Bremer Bank - Brainerd  
Bremer Bank - Crookston  
Bremer Bank - Warren  
Brown County  
Chandler Chamber of Commerce  
Citizen's National Bank - Park Rapids  
Citizens State Bank - Hayfield  
Citizen's State Bank - Roseau  
City of Chandler  
City of Eveleth  
City of Fairmont  
City of Hutchinson  
City of Kiester  
City of Le Center  
City of Le Sueur EDA  
City of Lewisville  
City of Moorhead EDA  
City of New Richland  
City of New Ulm  
City of Pine City EDA  
City of Sleepy Eye  
City of Springfield  
City of St Peter  
City of Truman EDA  
City of Waterville  
Community Bank - Austin  
Cottonwood County

Crookston Housing & Economic  
Development Authority  
Deerwood Bank - Bemidji  
East Grand Forks Housing Authority -  
East Grand Forks  
Eastwood Bank - Rochester  
Farmers and Merchants Bank - Pierz  
Farmers and Merchants Bank -  
Springfield  
Farmers State Bank - Trimont  
First Farmers and Merchants - LeSueur  
First National Bank - Blue Earth  
First National Bank - Herman  
First National Bank - LeCenter  
First National Bank - Mahnommen  
First National Bank - Mankato  
First National Bank - St Peter  
First Security Bank - Byron  
First State Bank - Clearbrook  
First State Bank - Leroy  
Flint Interactive  
Foresight Bank - Plainview  
Frandsen Bank and Trust - North  
Mankato  
Frandsen Bank and Trust - Baxter  
Greater Jobs, Inc.  
Greenstone Group  
HomeTown Bank - St. Peter  
Hubbard County Regional Economic  
Development Commission  
Iron Range Resources and  
Rehabilitation Board  
Janesville State Bank  
KBJR 6 Range 11  
Lac qui Parle County  
Lincoln County  
Marketing Ventures  
Martin County  
Maurices  
Meeker County  
Mid-Minnesota Federal Credit Union  
Midwest MN Community Development  
Corporation

Minnesota Business Finance  
Corporation  
Minnesota Power  
Minnesota Valley Federal Credit Union  
MinnStar Bank  
Murray County  
Nicollet County  
Nicollet County Bank  
Nobles County  
Northern Star Bank - Mankato  
Park State Bank  
Peoples State Bank - Plainview  
Pine Island State Bank  
Pioneer Bank - St. James  
ProGrowth Bank - Nicollet  
Renville County  
Riverwood Bank - Baxter  
SouthPoint Federal Credit Union -  
New Ulm  
SouthPoint Federal Credit Union -  
Sleepy Eye  
St. Cloud State University Foundation  
State Bank of Chandler  
State Bank of Fairmont  
State Bank of Faribault  
Think Mutual Bank  
Todd County Development Corporation  
U.S. Bank - Mankato  
Ultima Bank Minnesota - Fosston  
United Community Bank - Perham  
United Prairie Bank - Mankato  
Unity Bank North - Red Lake Falls  
Vista Prairie Communities  
Voyager Bank - Mankato  
Waseca County  
Watsonwan County  
Wells Fargo Bank - Brainerd  
Wells Fargo Bank - Mankato  
Wells Federal Bank - Wells

*Shared investment = Shared success*

# MNSBDC *Regional and Lead Centers*

## **NORTHWEST**

Bemidji State University  
1103 Roosevelt Rd. SE  
Bemidji, MN 56601  
Phone: 218-755-4255  
SBDC@cord.edu

## **NORTHEAST**

University of Minnesota  
Duluth, Center for  
Economic Development  
11 East Superior St., Suite 210  
Duluth, MN 55802  
Phone: 218-726-7298  
umdc@d.umn.edu

## **NORTH CENTRAL**

Central Lakes College  
Business & Industry Center  
501 West College Drive  
Brainerd, MN 56401  
Phone: 218-855-8140  
gbergman@clcmn.edu

## **WEST CENTRAL**

Concordia College  
1310 8th St S  
Moorhead, MN 56562  
Phone: 218-299-3037  
sbdc@cord.edu

## **CENTRAL**

St. Cloud State University  
355 Fifth Ave. S.  
St. Cloud, MN 56301  
Phone: 320-308-4842  
klross@stcloudstate.edu

## **TWIN CITIES METRO AREA**

University of St. Thomas  
Terrence Murphy Hall 100  
1000 LaSalle Ave.  
Minneapolis, MN 55403  
Phone: 651-962-4500  
smallbus@stthomas.edu

## **SOUTHEAST**

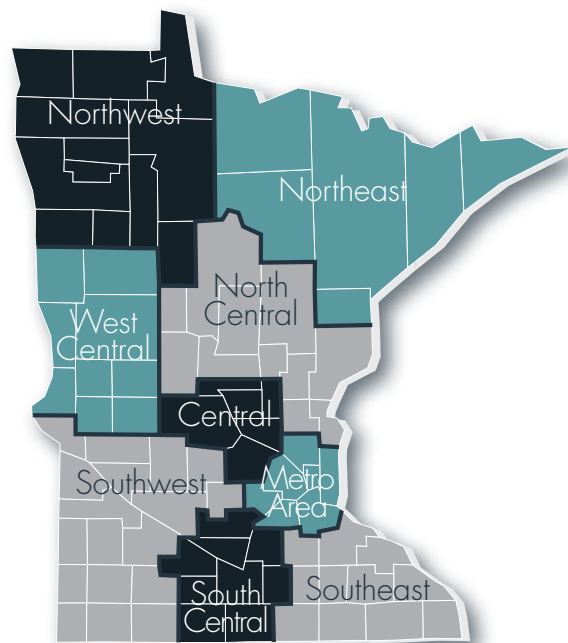
Rochester Community &  
Technical College  
Heintz Center  
1926 College View Road S.E.  
Rochester, MN 55904  
Phone: 507-285-7536  
kay.wiegert@roch.edu

## **SOUTH CENTRAL**

Minnesota State University,  
Mankato  
120 Alumni Foundation Center  
1536 Warren St.  
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Phone: 507-389-8875  
julie.nelson@mnsu.edu

## **SOUTHWEST**

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Science and Technology Building  
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Marshall, MN 56258  
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sbdc@smsu.edu



## **STATE OFFICE (Administrative)**

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Phone: 651-259-7423  
Toll free: 877-653-8333  
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